Agenda - Executive Policy Committee - June 13, 2007

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

ADDENDUM REPORTS

Report - Standing Policy Committee on Finance - June 11, 2007

Item No. 1 **Single Source Negotiation and Award of Contract for Supply of Multi-Year Software License and Services Agreement - PeopleSoft System**
File GL-9

STANDING COMMITTEE RECOMMENDATION:

On June 11, 2007, the Standing Policy Committee on Finance concurred in the administrative recommendation and submits the following to Council:

1. That Single Source negotiations and award of contract be approved with Oracle Corporation Canada Inc. for the supply of a three-year extension from June 19, 2007 to June 18, 2010, to the existing Software License and Services Agreement for the City's PeopleSoft system as per Oracle Corporation Canada Inc.'s quotation dated April 24, 2007, in an amount not to exceed $2,069,330.00 plus GST, plus PST.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee - June 13, 2007

Report - Standing Policy Committee on Finance - June 11, 2007

STANDING COMMITTEE RECOMMENDATION:

On June 11, 2007, the Standing Policy Committee on Finance concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

RE: APPROVAL FOR THE SINGLE SOURCE NEGOTIATION AND AWARD OF CONTRACT FOR THE SUPPLY OF A MULTI-YEAR SOFTWARE LICENSE AND SERVICES AGREEMENT FOR THE CITY'S PEOPLESOFT SYSTEM

FOR SUBMISSION TO: **Standing Policy Committee on Finance**

ORIGINAL REPORT SIGNED BY: Cliff Jeffers,
Acting Director of Internal Services

REPORT DATE: May 23, 2007

RECOMMENDATION(s):

1. That Single Source negotiations and award be approved with Oracle Corporation Canada Inc. for the Supply of a three year extension from June 19, 2007 to June 18, 2010 to our existing Software License and Services Agreement for the City's PeopleSoft system as per Oracle Corporation Canada Inc.'s quotation dated April 24, 2007, in an amount not to exceed $2,069,330.00 plus GST, plus PST.

2. That the proper officers do all things necessary to implement the award of contract.

Report Summary

Key Issues:

The department recommends that this single source negotiation and award be approved for the following reason:

The City uses a wide variety of PeopleSoft application modules for the provision of Corporate functions across all Departments. Oracle Corporation Canada Inc., as the owner of PeopleSoft, is the only provider of Software License and Services Agreements for PeopleSoft application modules. As such, Material Management recommends that Corporate Information Technology enters into discussions to sole source Oracle Corporation Canada Inc. for the work contained in the quotation. It is anticipated that the City can achieve the benefit of price protection for the next three years by entering into a multi-year agreement.

Implications of the Recommendation(s):

General Implications

	None
X	For the organization overall and/or for other departments
	For the community and/or organizations external to the City
X	Involves a multi-year contract

Comment(s): The PeopleSoft application is used by all City departments to fulfill necessary Corporate functions. Establishing a multi-year contract for the period June 19, 2007 to June 18, 2010 will protect the City from potential inflationary increases during that period.

Policy Implications

X	No
	Yes

Regulatory Implications

X	None
	Eliminates or reduces regulatory impact
	Proposes regulatory impact

Environmental Implications

X	No
	Yes

Human Resources Implications

X	No
	Yes

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment(s): We are recommending that the City enter into a three year support agreement with Oracle Corporation Canada Inc. to mitigate against inflationary increases in forthcoming years. The Operating budget has been approved for 2007. Amounts have been included in the

administrative forecasts for 2008 and 2009, and a budget submission will be submitted in due course for 2010.

Report

REASON FOR THE REPORT:

As the total conditional amount to be paid by the City pursuant to the contract is estimated to be approximately $2,069,330.00 plus GST and PST, and the contract is for a purchase that obligates the City to expenditures on future budgets ($800,000.00 for 2008 & 2009 and $69,330.00 in 2010, all amounts plus GST and PST), Council may approve the award of contract pursuant to B8.2.3 of the Materials Management Policy.

HISTORY:

In 2002, under the auspices of the Connexus Project, the City purchased multiple PeopleSoft application modules to perform a wide variety of corporate functions, including Financial, Purchasing, Inventory, Budgeting, Human Resources and Payroll. In 2004, PeopleSoft was acquired by Oracle Corporation. The City relies on Oracle Corporation Canada Inc. to provide support for problem and issue resolution, plus the provision of Version Upgrade software to protect the City's investment and enhance the functionality of the City's installed applications. The Software License and Services Agreement defines the support services to be provided by Oracle Corporation Canada Inc. to the City.

On June 19, 2002 the City entered into a five year support agreement with PeopleSoft (now Oracle Corporation Canada Inc.) which expires on June 18, 2007. Oracle Corporation Canada Inc. has agreed to renew the service agreement at a favorable rate to the City representing the annual rate paid during the past five years plus a three (3) percent inflationary increase, amounting to $658,405.39 plus PST plus GST. Oracle Corporation Canada Inc. has agreed to provide their Software License and Services Agreement for a three year period with no inflationary increases in the second and third years of the agreement, amounting to $1,975,216 plus PST plus GST. Financing charges will bring the total cost of the three year agreement to $2,069,330.00 plus PST plus GST.

The original funding for annual licensing and support payments was provided by the Connexus Project capital budget. Now that the five year agreement is due to expire on June 18, 2007, it will be necessary to pay the associated fees from the operating budget.

DISCUSSION:

A quotation for the provision of a Software License and Services Agreement for the City's PeopleSoft application system was requested by Corporate Information Technology. A quotation was received from Oracle Corporation Canada Inc. on April 27, 2007. It is recommended that a single source award to Oracle Corporation Canada Inc. be granted as the quotation is within the allotted budget for the project and the quoted fees for the service are acceptable. This is recommended as Oracle Corporation Canada Inc., as the owner of PeopleSoft, is the only supplier able to provide this service, and the support provided under the agreement is essential for the viability and continued operation of the PeopleSoft system, for which the City invested in excess of $24 million during the Connexus Project. The Software License and Services Agreement itemizes the PeopleSoft application modules that the City is licensed to use, and entitles the City to vendor support for issues such as planning and problem resolution, plus access to regularly scheduled maintenance updates and new versions as they become available.

In the opinion of the Department, Oracle Corporation Canada Inc. has the capacity and experience to successfully fulfill the Software License and Services requirements of the quotation.

Funding for this project is approved in 2007 and relies on projected budgets submitted for 2008-2010 from Business Solutions, Corporate Information Technology accounts, with expenditures as follows:

July 1, 2007	$400,000.00 plus PST and GST
April 1, 2008	$800,000.00 plus PST and GST
April 1, 2009	$800,000.00 plus PST and GST
April 1, 2010	$69,330.00 plus PST and GST

Financial Impact Statement

Date: May 18, 2007

Project Name:

First Year of Program 2007

Approval for the Single Source Negotiation and Award of Contract for the Supply of a Multi-Year Software License and Services Agreement for the City's PeopleSoft System.

	2007	2008	2009	2010	Total
Capital					
Capital Expenditures Required	$ -				
Less: Existing Budgeted Costs	-				
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs - Debt & Finance (I/P Payments)	$ 428,000	$ 856,000	$ 856,000	$ 74,183	$ 2,214,183
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 428,000	$ 856,000	$ 856,000	$ 74,183	$ 2,214,183
Less: Existing Budget Amounts	428,000	856,000	856,000	74,183	2,214,183
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. This project is funded through CIT Adopted Operating Budget (2007) and Administrative Forecasts (2008-2009). The costs in 2010 will be included in the CIT 2008-2010 operating budget submission.

2. The costs above include 7% PST. GST is not included as the City receives 100% GST Rebate.

(Original signed by R. Abeysekera)
Radhika Abeysekera
Manager of Finance & Administration
Corporate Services Dept.

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Corporate Finance - Materials Management Branch
Corporate Services – Legal Services Division

External Consultation With: N/A

THIS REPORT SUBMITTED BY:

Department:	Internal Services
Division:	Business Technology Services
Prepared by:	Stewart Bidinosti
File No.	PeopleSoft 2007 Renewal Report.doc